

CGB-cc-0932

MT. CARMEL

9610 East 42nd Street, Indianapolis, IN 46235



CHURCH

Phone: 317-890-2740 Fax: 317-890-2760

Received & Inspected

JAN 25 2012

FCC Mail Room

Dr. Theron D. Williams, I - Senior Pastor

Office of the Secretary
Federal Communications Commission
Attention: Disability Rights Office, Room 3-B431
445 12th Street, SW
Washington, DC 20554

January 12, 2012

Re: Petition for Undue Burden Exemption from Closed Captioning Rules

To Whom It May Concern:

This letter requests an exemption on behalf of Mt. Carmel Baptist Church in Indianapolis from the FCC's closed captioning rules based on undue burden. The original letter along with two copies of this letter and all support has been provided and is enclosed herein.

Mt. Carmel Baptist Church is a donor supported non-profit organization under the laws of the state of Indiana. Since 2002, we have produced a weekly 30-minute television program. The program teaches and inspires viewers how to develop their relationship with God and is produced locally by the Mt. Carmel Baptist Church staff. It is broadcast to the public on WHMB-TV throughout Central Indiana twice a week. Mt. Carmel Baptist Church pays WHMB-TV \$471 per broadcast to air the show over its broadcast facilities.

Captioning the program would present an undue burden for several reasons:

1. We do not have the financial resources to caption the program ourselves. Our research has determined it would cost \$8,986 to purchase the necessary equipment and the church is unable to take on that cost at this time.
2. Production of the program is done by a few volunteers and one paid staff person. The additional expertise and manpower to caption each program is not available. This would incur more cost of hiring

someone to transcribe the closed caption and we cannot hire at this time due to financial resources.

3. We've also explored closed captioning services. This would cost a additional \$245 minimum per week including shipping or \$12,740 per year. The added cost for captioning would make production of the program unaffordable and the time for captioning would make meeting WHMB-TV's air date deadlines impossible.
4. WHMB-TV does not provide closed captioning and has said it is unlikely to do so in the foreseeable future because of the additional time and staff that would be required.
5. As a church, we have attempted to solicit sponsorships to pay for the cost of closed captioning, but have been unsuccessful.

Providing closed captioning would ultimately cause us to either terminate or severely limit production of the program and cause us to lose supporters who would no longer be able to regularly view the program.

While Mt. Carmel Baptist Church recognizes the importance closed captioning can have, based on the above facts set forth in this letter, we respectfully request that Mt. Carmel Baptist Church be granted an undue burden exemption from the captioning requirements.

Respectfully:

Mt. Carmel Baptist Church

By:

Tausha Futen

Printed Name:

Tausha Futen

Title:

Church Administrator

AAVISE *Design* L.L.C.

ANOINTED AUDIO VIDEO INSTALLATION SERVICES ENGINEERING

CLOSED CAPTIONING

Service Order Form

Please enclose this form with your order

Check List <ul style="list-style-type: none">• A completed copy of this form• A master of each show on Beta/DVD• <i>If master is on DVD, please send a Beta for it to be transferred onto</i>• Payment – made payable to: AAVISE Design, LLC	Send to AAVISE Design, L.L.C. Attn: Kristen Mason 9926 Harbor Avenue Glenn Dale, MD 20769 (301) 524-5264 mason@aavisedesign.com www.aavisedesign.com
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Caption Video Length: _____ (minutes)	
Total Number of Masters to Caption: _____	
Captioning Service (\$125 for 30 min, \$230 1 hr)	\$ _____
Beta tape to be provided by AAVISE if master is on a DVD - \$20 per master	\$ _____
Transfer of DVD to Beta if master is on a DVD - \$10 per master	\$ _____
Duplication of show - \$20 if AAVISE provides beta tape, \$10 if client provides beta tape	\$ _____
Rush job (AAVISE requires 4 days to complete each master and 2 days for delivery to destination) – \$110 (\$60 for rush captioning & \$50 overnight fee)	\$ _____
TOTAL DUE	\$ _____

Please list all master show titles to be Captioned:

Video title (print)/Air Date:	
Video title (print)/Air Date:	
Video title (print)/Air Date:	
Video title (print)/Air Date:	
Signature:	Date:
Organization:	

Copyright, Credit Notice & Liability Agreement

The organization named above (hereinafter, "the CLIENT") certifies that it has the copyright clearance and authority to caption the video named above (hereinafter, "the VIDEO"). The client authorizes AAVISE Design, L.L.C. to caption the said VIDEO. The CLIENT agrees to hold AAVISE DESIGN, L.L.C. harmless and indemnified against any claims for infringement or violation of the rights of any claimant(s) to the VIDEO submitted for captioning.

AAVISE DESIGN, L.L.C. will make every reasonable effort to ensure that the quality of the video and the captions is perfect. However, to avoid a costly mistake, prior to making copies of the VIDEO, please view the caption master to verify that it is up to your standards. AAVISE DESIGN, L.L.C. captioning standards conform to normal industry standards as interpreted by AAVISE DESIGN, L.L.C. The CLIENT agrees that the VIDEO will be captioned according to AAVISE DESIGN, L.L.C. captioning standards. In the event that the CLIENT wants AAVISE DESIGN, L.L.C. to caption to a different standard there may be additional charges and/or addition time to caption the VIDEO.

The CLIENT also agrees to allow AAVISE DESIGN, L.L.C. to place the following credit, in captions, at the end of VIDEO: **"Captioned by: AAVISE Design, L.L.C., www.aavisedesign.com"**

EXPRESS OR IMPLIED WARRANTY EXCLUSIONS

- A. THE SERVICES PROVIDED UNDER THIS AGREEMENT INCLUDING, BUT NOT LIMITED TO, REALTIME AND POST-PRODUCTION CAPTIONING SERVICES AND VIDEO DESCRIPTION ARE PROVIDED ON AN "AS IS" BASIS, REGARDLESS OF THE MEDIA FOR WHICH SUCH SERVICES ARE PROVIDED. AAVISE DESIGN, L.L.C. MAKES NO WARRANTIES, EXPRESS OR IMPLIED, AND SPECIFICALLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. AAVISE DESIGN, L.L.C. DOES NOT GUARANTEE OR WARRANT THAT THE TRANSFER OF CAPTIONS WILL BE FREE OF ERROR. CUSTOMER ASSUMES TOTAL RESPONSIBILITY AND RISK FOR USE OF AAVISE DESIGN, L.L.C.'S CAPTIONING SERVICES.
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Pricing

Transcription & Captioning Services

	Price	Discount
	Per Hour of Content	%
Pay as you go	\$150	
Prepay 100 – 249 hours	\$141	6%
Prepay 250 – 499 hours	\$138	8%
Prepay 500 – 999 hours	\$135	10%
Prepay >1,000 hours	\$129	14%

Additional Options

Expedited service (2 business days)	\$45
Rush service (next business day)	\$90
Urgent service (same business day)	Call
Surcharge for extremely difficult files (poor audio, heavy accents, background noise, many speakers)	\$60

- ✓ Includes all transcript and caption output formats
- ✓ Unlimited use of search and clipping tools
- ✓ All work done in the USA by professionally trained transcriptionists
- ✓ No minimum file size
- ✓ Exact billing – each file is prorated to the nearest second
- ✓ Ability to edit transcripts/captions post processing
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The #1 Source For Your Pro Audio, Video and Broadcast Subtitle Generator



Price: \$8,985.91

SKU: HDE-3000

Weight: 15.00 LBS

Availability: Yes

Shipping: Calculated at checkout

Quantity: 1



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Product Description

The HDE-3000 is a high definition encoder for professionals, also supports SDI standard setting the pace for standards to come in the future. For today's use, the HDE-3000 will a requirements for 1080i, 1080p and 720p, and SDI. The unit will generate slates, bugs, TV Subtitling while encoding closed caption data. The HDE-3000 encodes data into the vertical SMPTE 292M HD/SDI video per SMPTE 334. It also keys text and graphics images into the SMPTE 292M video in 10 bit Y Cr Cb formats. The unit supports all of the ATSC video standards. The HDE-3000 reads all known closed caption file formats and is able to translate EIA-608 caption file formats as they emerge. ; The HDE-3000 is constructed in a modular concept for future components plug into industry standard PCI slots. The modular architecture allows for easy field. There are available slots that will provide features for advanced operation. The firm is upgraded through the front panel, 3.5" floppy, or ethernet. ; The HDE-3000 meets the strict broadcast use. A power by-pass relay provides signal pass-through in the event of AC power optional fault tolerant power supply is available. ; The HD video formats covered are: 1080i 1080p 25 & 29.97/30; 1080p 23.98/24; 720p 59.94/60. SDI standard definition for 525 and operational systems. ; ; Link Electronics HDE-3000 Features: ; Networkable ; HD & SD SDI Panel ; Ideal for Broadcast or Post ; Field Upgradable Software ; Up-Convert 608 to 708 ; Time Code Reader ; VGA monitor to Preview Captions ; Two independent I/O comports ; Generator (Subtitles) ; No PC or Caption/Subtitle Encoding Software Required ; Reads C-From Floppy, Server or USB ; 19"W x 3.5"H (2RU) x 14"D

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Contact us!



Tausha Futch
Church Administrator
Mt. Carmel Baptist Church
9610 E. 42nd Street
Indianapolis, IN 46235

January 12, 2012

Tausha,

This letter is in response to your request for LeSEA Broadcasting to research the process and cost associated with closed captioning your television program that currently airs on WHMB-TV.

There are two ways to approach this issue:

- Purchase the captioning software/hardware and do the closed captioning yourself. Research by both the WHMB-TV production and engineering staffs has discovered the cost of this equipment will be in the \$5,000-8,000 range. The CC process involves multiple steps. First, the program must be transcribed word-for-word into an electronic document. Second, the script is entered in the CC software. Third, the software drops the script onto a timeline of the program. Fourth, the program can then be outputted with the embedded CC. In our experience, we've noted that it takes 4-6 hours to CC a 30-minute program such as yours.
- Outsource the closed captioning to an outside provider. Again, we've researched this solution and have discovered the cost to be approximately \$250 per program.

WHMB-TV does not currently offer in-house closed captioning services. Because closed captioning is such a labor-intensive process, we would have to hire additional staff to perform this task and that is not economically feasible at this time.

I hope this information answers your questions about the closed captioning process and the associated costs. Please don't hesitate to contact me with any further questions.

Sincerely,

Cathy Clossin
WHMB-TV



MT. CARMEL BAPTIST CHURCH, INC.

(An Indiana Nonprofit Organization)
Indianapolis, Indiana

**FINANCIAL STATEMENTS
INDEPENDENT ACCOUNTANTS' REVIEW REPORT
SUPPLEMENTARY INFORMATION**

Years Ended December 31, 2010 and 2009

MAITLAND & ASSOCIATES, INC.

Certified Public Accountants & Consultants

6801 Lake Plaza Drive, Suite B-201, Indianapolis, IN 46220

Office: (317) 849-4628 ♦ Fax: (317) 849-4645 ♦ www.maitland-cpa.com

"Our Client's Success is Our Success"

MT. CARMEL BAPTIST CHURCH, INC.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Deacons
Mt. Carmel Baptist Church, Inc.
9610 East 42nd Street
Indianapolis, IN 46235

We have reviewed the accompanying statements of financial position of Mt. Carmel Baptist Church (an Indiana Nonprofit Corporation) as of December 31, 2010 and 2009, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

A review consists principally of inquiries of organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statement in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statement in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Maitland & Associates

Indianapolis, Indiana
May 23, 2011

MT. CARMEL BAPTIST CHURCH, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2010 and 2009

	Unrestricted	Temporarily Restricted	2010	2009
ASSETS				
Cash and cash equivalents - <i>Note 2</i>	\$ 27,722	\$ 154,038	\$ 181,760	\$ 476,749
Total Current Assets	<u>27,722</u>	<u>154,038</u>	<u>181,760</u>	<u>476,749</u>
PROPERTY AND EQUIPMENT-net of accumulated depreciation - <i>Note 5</i>	<u>5,916,215</u>	<u>-</u>	<u>5,916,215</u>	<u>6,073,093</u>
TOTAL ASSETS	<u><u>\$ 5,943,937</u></u>	<u><u>\$ 154,038</u></u>	<u><u>\$ 6,097,975</u></u>	<u><u>\$ 6,549,842</u></u>
LIABILITIES				
Accounts payable	\$ 23,697	\$ -	\$ 23,697	\$ 12,583
Accrued payroll and other expenses	<u>9,099</u>	<u>-</u>	<u>9,099</u>	<u>1,091</u>
Total Current Liabilities	<u>32,796</u>	<u>-</u>	<u>32,796</u>	<u>13,674</u>
LONG-TERM LIABILITIES				
Note payable - <i>Note 6</i>	<u>4,166,143</u>	<u>-</u>	<u>4,166,143</u>	<u>4,231,835</u>
Total Long-term Liabilities	<u>4,166,143</u>	<u>-</u>	<u>4,166,143</u>	<u>4,231,835</u>
NET ASSETS	<u>1,744,998</u>	<u>154,038</u>	<u>1,899,036</u>	<u>2,304,333</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,943,937</u></u>	<u><u>\$ 154,038</u></u>	<u><u>\$ 6,097,975</u></u>	<u><u>\$ 6,549,842</u></u>

See accompanying notes.

MT. CARMEL BAPTIST CHURCH, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended December 31, 2010 and 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2010</u>	<u>2009</u>
REVENUE, GAINS, AND OTHER SUPPORT				
Tithes and contribution	\$ 1,489,998	\$ -	\$ 1,489,998	\$ 1,342,390
Building fund	-	156,068	156,068	388,573
Book store revenue	50,429	-	50,429	37,257
Fundraising	-	5,755	5,755	2,803
Food pantry	-	4,807	4,807	1,167
Interest income	-	520	520	3,708
Grants, donations and miscellaneous	-	97,128	97,128	67,913
Total Revenue, gains, and other support	<u>1,540,427</u>	<u>264,278</u>	<u>1,804,705</u>	<u>1,843,811</u>
EXPENSES				
<u>Program Services:</u>				
Church Ministries	809,650	-	809,650	1,181,041
Book Store	68,609	-	68,609	19,794
Food Pantry	8,135	-	8,135	1,927
	<u>886,394</u>	<u>-</u>	<u>886,394</u>	<u>1,202,762</u>
<u>Supporting Services:</u>				
Management and general	1,230,358	-	1,230,358	709,557
Fundraising	150	-	150	737
Total Expenses	<u>2,116,902</u>	<u>-</u>	<u>2,116,902</u>	<u>1,913,056</u>
RECLASSIFICATION OF RESTRICTED ASSETS	<u>489,730</u>	<u>(489,730)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>(86,745)</u>	<u>(225,452)</u>	<u>(312,197)</u>	<u>(69,245)</u>
NET ASSETS - Note 4				
Beginning of Year	1,831,743	379,490	2,211,233	4,250,833
Adjustment for overstatement of realized gain on the sale of Church building	-	-	-	(1,970,355)
Balance at beginning of year, as restated	<u>1,831,743</u>	<u>379,490</u>	<u>2,211,233</u>	<u>2,280,478</u>
End of Year	<u>\$ 1,744,998</u>	<u>\$ 154,038</u>	<u>\$ 1,899,036</u>	<u>\$ 2,211,233</u>

See accompanying notes.

MT. CARMEL BAPTIST CHURCH, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue Collected:		
Tithes and contribution	\$ 1,489,998	\$ 1,342,390
Building fund	156,068	388,573
Book store	50,429	37,257
Fundraising	5,755	2,803
Food pantry	4,807	1,167
Interest income	520	3,708
Grants, donations and miscellaneous	97,128	67,913
Adjustment for the overstatement of realized gain	-	(1,970,355)
Payments of expenses	<u>(1,825,339)</u>	<u>(1,456,062)</u>
Net Cash (Used) Provided by Operating Activities	<u>(20,634)</u>	<u>(1,582,606)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>(208,663)</u>	<u>(3,728,683)</u>
Net Cash Used (Provided) by Investing Activities	<u>(208,663)</u>	<u>(3,728,683)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term loan	-	4,231,835
Principal payment of long-term debt	<u>(65,692)</u>	-
Net Cash Provided (Used) by Financing Activities	<u>(65,692)</u>	<u>4,231,835</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(294,989)	(1,079,454)
CASH AND EQUIVALENTS		
Beginning of Year	<u>476,749</u>	<u>1,556,203</u>
End of Year	<u><u>\$ 181,760</u></u>	<u><u>\$ 476,749</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 226,428	\$ 91,199
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ (312,197)	\$ (69,245)
Adjustment for the overstatement of realized gain	-	(1,970,355)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	272,441	475,437
(Decrease) increase in accounts payable	11,114	3,309
(Decrease) increase in accrued payroll and other expenses	<u>8,008</u>	<u>(21,752)</u>
Net Cash Provided by Operating Activities	<u><u>\$ (20,634)</u></u>	<u><u>\$ (1,582,606)</u></u>

See accompanying notes.

MT. CARMEL BAPTIST CHURCH, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mt. Carmel Baptist Church (Church) was established in 1890 with defined mission from the Gospel of Matthew to reach the lost through evangelistic efforts and to make disciples of those we have evangelized. The Church is a nonprofit organization which has expended its mission by spreading the Gospel through establishing, developing, and promoting all aspects of the Church ministries within Indianapolis, Indiana and surrounding communities.

Significant accounting policies applied in the preparation of the accompanying financial statements are summarized as follows:

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements for the Church have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Contributions

Under Statement of Financial Accounting Standards Board (SFAS) No. 116, “*Accounting for Contributions Received and Contributions Made*,” contributions received are recorded as unrestricted, temporarily restricted or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions. Temporarily restricted revenue in the amount of \$264,278 and \$464,164 for the years ended December 31, 2010 and 2009, respectively, consisted of grants and designated tithes and contribution from members and other organizations. There are no permanently restricted net assets for the years ended December 31, 2010 and 2009.

Contributed Services

The Church receives a substantial amount of services donated by private citizen in carrying out the Church’s program initiatives. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116, “*Accounting for Contributions Received and Contributions Made*.”

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the various programs and supporting services benefited.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards Board (SFAS) No. 117, “*Financial Statements of Not-For-Profit Organizations*.” SFAS No. 117 requires, among other things, that the financial statements report the changes in and the total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted, and permanently restricted. The following classes of net assets are maintained by the Church.

Unrestricted Net Assets: The unrestricted net asset class includes general operating assets and liabilities of the Church. The unrestricted net assets may be used at the discretion of management to support the Church’s purposes and operations.

Temporarily Restricted Net Assets: The temporarily restricted net asset class includes assets of the Church related to contributions with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates. Unconditional promises to give that are due in the future periods and are not permanently restricted are classified as temporarily restricted net assets.

Income Taxes

The Church is a Not-for-Profit organization exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code and from state income taxes pursuant to Indiana Not-for-Profit Act of 1971. Accordingly, no liability for federal and state taxes on revenue and income has been recognized in the accompanying statement of financial position.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity of less than three months.

Effects of Economic Conditions on Contributions

The Church depends heavily on contributions for its revenue. The ability of the Church to attract contributions may be dependent upon current deductibility for income tax purposes of the donations the Church. While the Church’s Board of Deacons believe the Church has the resources to continue its programs, its ability to do so and the extent to which it continues, may be dependent on the above factors.

Commitments and Contingencies

The Church is subject to claims and lawsuits, which arise, primarily in the ordinary course of conducting ministries. Presently, the Church has no such litigation pending.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Church’s financial statements for the year ended December 31, 2009, from which the summarized information was derived.

NOTE 3 – INTENTIONS TO GIVE

The Church asks the members of the congregation to submit pledge cards indicating the donations the members intend to give for various special projects during the upcoming year. The pledge cards clearly indicate that the information is to be used only for the Church's budgetary purposes and that the members may rescind the pledges at any time. Since these pledges do not meet the criteria of revenue recognition under SFAS No. 116, they are not reflected as contributions in the statement of activities until the pledges are collected. Total intentions to give pledged for 2010, totaled \$289,274.

NOTE 4 – RESTRICTIONS ON NET ASSETS

All of the restrictions on net assets as of December 31, 2010 and 2009 are related to the Church building cost. Temporarily restricted net assets available for this purpose as of December 31, 2010 and 2009, were reclassified to unrestricted net assets.

In 2009, an adjustment was made to net assets to correct the overstatement of realized gain from 2008 due to recaptured depreciation excess and the cost associated with exit and disposal of the Church building.

NOTE 5 – PROPERTY AND EQUIPMENT

Acquisitions of property and equipment are capitalized at a minimum of \$500. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Property and equipment consist of the following at December 31, 2010 and 2009:

	2010	2009
Church Building	\$ 5,564,360	\$ 5,496,451
Land	67,909	67,909
Furniture, fixtures, and equipment	<u>1,031,824</u>	<u>891,070</u>
	6,664,093	6,455,430
Less: Accumulated depreciation	<u>(747,878)</u>	<u>(475,437)</u>
	<u>\$5,916,215</u>	<u>\$5,979,993</u>

NOTE 6 – NOTE PAYABLE

Note payable due to JPMorgan Chase Bank to finance the Church building is collateralized by property located in Indianapolis, Indiana. The note carries an applicable fixed rate of interest of 5.25% a monthly payment of \$16,780. The note is due December 10, 2012.

The Note is secure by any and all mortgages, security agreements, assignments, loan agreements, pledge agreements and any other documents or instrument evidencing a security interest or other lien in favor of the Bank and executed and delivered by the Church or any third party as security for payment of this Note.

NOTE 6 – NOTE PAYABLE (CONTINUED)

Future scheduled maturities of note payable, related to JPMorgan Chase Bank note at December 31, 2010 and 2009 are as follows:

	2010 Year Ending December 31,	2009 Year Ending December 31,
2010	0	\$ 172,304
2011	113,598	173,687
2012	119,708	175,082
2013	126,146	176,487
2014	132,930	177,905
2015	140,079	0
Thereafter	3,008,769	2,835,888

Note payable due to JPMorgan Chase Bank to finance the Church building improvements is collateralized by property located in Indianapolis, Indiana. The note carries an applicable fixed rate of interest of 5.49% and a monthly payment of \$3,889. The note is due December 10, 2012.

Future scheduled maturities of note payable, related to JPMorgan Chase Bank note at December 31, 2010 and 2009 are as follows:

	2010 Year Ending December 31,	2009 Year Ending December 31,
2010	0	\$ 13,250
2011	110,387	14,137
2012	116,641	15,084
2013	123,250	16,094
2014	130,233	17,172
2015	44,401	
Thereafter	0	444,481

MT. CARMEL BAPTIST CHURCH, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Years Ended December 31, 2010 and 2009

	Program Services			Supporting Services		Total	
	Church Ministries	Book Store	Food Pantry	Management and General	Fundraising	2010	2009
Advertising and promotion	\$ 66,057	\$ -	\$ -	\$ -	\$ -	\$ 66,057	\$ 79,794
Automobile expense	7,808	-	-	-	-	7,808	15,567
Bank charges	1,110	1,265	-	7,282	-	9,657	2,890
Benevolence	52,954	-	-	-	-	52,954	6,065
Building repairs and maintenance	437	-	-	125,253	-	125,690	53,054
Dues and subscription	204	-	-	127	-	331	-
Educational material and ministerial supplies	1,242	-	-	-	-	1,242	208
Employee benefits	9,883	-	-	16,539	-	26,422	11,534
Equipment lease and rental	-	-	-	8,552	-	8,552	12,621
Honoraria	19,050	-	-	-	-	19,050	19,052
Insurance	35,956	-	-	54,508	-	90,464	85,369
License and permits	-	-	-	225	-	225	2,239
Meals and entertainment	140	-	-	399	-	539	4,682
Office supplies	1,691	-	-	11,271	-	12,962	15,094
Outside services	1,484	-	-	1,240	-	2,724	20,960
Pastorial allowance and gift	99,927	-	-	-	-	99,927	90,415
Payroll taxes	23,074	1,880	-	29,139	-	54,093	43,383
Postage and delivery	-	-	-	578	-	578	1,956
Printing and reproduction	928	-	-	23,356	-	24,284	25,005
Professional fees	-	-	-	15,921	-	15,921	11,716
Rent	-	-	-	-	-	-	106,472
Salaries and wages	301,615	15,723	-	380,902	-	698,240	568,559
Seminar and convention	6,212	-	-	-	-	6,212	4,335
Scholarship and grants	9,492	-	-	-	-	9,492	18,246
Special events and activities	79,980	-	-	-	150	80,130	29,648
Supplies	4,603	49,741	8,135	-	-	62,479	39,170
Telephone	-	-	-	34,966	-	34,966	24,313
Training and education	17,172	-	-	-	-	17,172	-
Travel and accommodation	4,937	-	-	-	-	4,937	9,200
Utilities	63,694	-	-	21,231	-	84,925	44,873
TOTAL EXPENSES BEFORE DEPRECIATION AND INTEREST EXPENSE	809,650	68,609	8,135	731,489	150	1,618,033	1,346,420
Depreciation	-	-	-	272,441	-	272,441	475,437
Interest expense	-	-	-	226,428	-	226,428	91,199
TOTAL FUNCTIONAL EXPENSES	\$ 809,650	\$ 68,609	\$ 8,135	\$ 1,230,358	\$ 150	\$ 2,116,902	\$ 1,913,056

See accompanying notes.